

M e m o r a n d u m

To: Panel Members

Date: June 22, 2007

From: Diana Torres, Manager

Analyst: R. Negrete

Subject: One-Step Agreement for **CHAMPION ELECTRIC, INC.**

CONTRACTOR:

- Training Project Profile: SET-Workers Earning At Least State Avg Hrly Wage
- Legislative Priorities: Moving To A High Performance Workplace
- Type of Industry: Construction
- Repeat Contractor: No
- Contractor's Full-Time Employees
 - *Worldwide:* 103
 - *In California:* 103
- ETP Trainees Represented by Union: No
- Name and Local Number of Union Representing ETP Trainees: N/A

CONTRACT:

- Program Costs: \$75,600
- Substantial Contribution: \$0
- Total ETP Funding: \$75,600
- Total In-kind Contribution: \$105,000
 - *Trainee Wages Paid During Training:* \$105,000
 - *Other Contributions:* \$0
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Riverside

INTRODUCTION:

Founded in 1991, and headquartered in Riverside, California, Champion Electric Inc, (Champion) is a family-owned electrical contractor. It specializes in new construction and modernization of schools, universities and commercial facilities.

Champion is eligible for ETP funding in accordance with Title 22 California Code of Regulations (CCR), Section 4409(a), Special Employment Training Project (SET) for frontline workers who earn at least the state average hourly wage in accordance with Title 22 CCR, Section 4400(ee). It proposes to train 56 frontline workers from its headquarters site including Journey Level Electricians, Foreman, and Project Managers. The company is in the construction industry listed as one of the Panel's priority industries, thus qualifies for priority funding.

MEETING ETP GOALS AND OBJECTIVES:

Champion proposes training that will further the following ETP goals and objectives:

- 1) Ensure that ETP funds are invested in projects that target high-wage jobs in a priority industry.
- 2) Enhance the skills of its frontline workers to prepare them for employment in a high performance workplace.

TRAINING PLAN TABLE:

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Job Number 1 Retrainees SET Frontline Workers	Menu Curriculum: Business Skills Commercial Skills Computer Skills Continuous Improvement	56	24 - 200	-0-	\$1,350	\$25.00 - \$40.00
Wages After 90-Day Retention						
<u>Occupation</u> Journey Level Electricians Foremen Project Managers						
<u>Health Benefits Used To Meet ETP Minimum Wage:</u> Although the employer pays health benefits to their employees, the hourly contribution is not being used to meet the \$22.51 per hour ETP SET frontline worker hourly wage requirement.					<u>Turnover Rate</u> 25%	<u>% Of Mgrs & Supervisors To Be Trained:</u> N/A
<u>Other Employee Benefits:</u> 401(k) plan, profit sharing.						

COMMENTS / ISSUES:

➤ *Turnover Rate*

Title 22, California Code of Regulations, Section 4417, provides that the Panel shall fund training for employment that is stable and that an employer's turnover rate shall not exceed 20 percent annually. Section 4417 states in part:

"The Panel shall fund training for employment that is stable. The employer's turnover rate shall not exceed 20 percent annually for the company facility where training is being requested. The Panel may accept a higher turnover rate if the employer provides evidence that the proposed training will significantly decrease the turnover rate, or the employer has experienced a singular reduction in force, or other occurrence which adversely affected the turnover rate in the last Calendar Year, or if industry data supports a higher turnover rate."

Champion's turnover rate was 25 percent for 2006, therefore, requests a waiver of the ETP required 20 percent turnover rate. Its representatives state that the turnover rate for their core employee group (Journey Level Electricians, Foremen, and Project Managers) is 19 percent.

Champion reports that its turnover rate for 2006 was much lower than in previous years; 59 percent in 2004 and 42 percent in 2005. Champion representatives attribute this decline to its best business practices and employee empowerment that has energized the growth of the company, which includes more construction contracts requiring additional electricians and redeployment of currently employed electricians to new jobs. The 25% turnover rate is a result of the apprenticeship program that requires perfect attendance less two absences for the entire year. Many apprentices do not complete the program based on this criteria. Champion promotes from within, employees participate in the company's profit sharing program, and receive recognition for time in service and a job well done. Champion further reports that according to US Department of Labor, the turnover rate in the construction industry for 2005 was 60 percent for similar companies doing business in Southern California.

The aforementioned supports the company's request for the Panel's consideration of a waiver of ETP Regulation, Section 4417.

➤ *Frontline Workers*

The 56 proposed trainees meet the Panel definition of frontline workers under Title 22 CCR, Section 4400(ee). The job descriptions submitted for Project Managers and Foreman substantiate that they perform frontline worker duties.

➤ *Production During Training*

Champion agrees that during ETP-funded training hours, trainees will not produce products or provide services which will ultimately be sold.

RECOMMENDATION:

Staff recommends that the Panel approve:

- Champion's request to waive the Panel's 20 percent maximum turnover requirement, and accept the 25 percent turnover rate experienced in Calendar Year 2006; and,
- The proposal based on Champion's need to adapt to a high performance workplace to enable the company to improve company operating procedures to increase business and improve the employment security of its employees.

NARRATIVE:

In 2006, Champion established a plan to become an environmentally friendly company, through the incorporation of wireless technology to provide superior customer service and improve their competitive position in the Southern California construction industry. To achieve this goal, Champion frontline workers must utilize new technology to streamline construction processes (requests for information, change orders, purchasing, cost accounting and productivity tracking). Champion is incorporating paperless mobile offices in their construction projects and has provided laptops to their Foremen, who now require training to use custom digital forms transmitted electronically to reduce time delays in processing of construction project documentation. Champion representatives also state that the company purchased a wide format printer/scanner and an AutoDesk CAD software program to enable Foremen and Project Managers to edit redline drawings for delivery to project owners at project completion.

In April, 2007, Champion purchased Accubid Software for estimating projects and change orders. All Project Managers require training in the change order estimating module. Once Accubid generates the material requirements, the Project Manager and Foreman can export these to spreadsheets giving computer-generated reports to order and track material, project manpower utilization and track job assignments.

In addition, Champion will replace its current cost accounting software, American Contractor with implementation planned for the 4th quarter 2007. During this implementation process, Project Managers and Foreman must learn how to utilize the program to track budgets, track production, and compute cost-to-completes. These new products will help Champion continue their adaptation to a high performance workplace. Company representatives also report that in February, 2007, Champion was named to a "Clean and Green" task force by the City of Riverside to advise the mayor's office on solar energy issues to coincide with Governor Schwarzenegger's Green Building Initiative for public buildings. This initiative requires these buildings to be 20 percent more energy efficient by 2015. Given that the majority of Champion's business is public buildings, it must constantly retrain its frontline workforce in the skills necessary to remain competitive in the rapidly growing solar industry.

NARRATIVE: (continued)

Champion management and vendor consultant staff developed a Menu Curriculum with a range of 24 -200 hours of Business Skills, Commercial Skills, Computer Skills, and Continuous Improvement class/lab training for the proposed 56 trainees that includes the following:

Business Skills training includes project management (determining job set up and close out); communication skills (how and when to get information to the office); customer service skills and conflict resolution to improve client services. Foremen, Project Managers and Journeymen Electricians need to learn these skills to better serve customer needs at the job site.

Commercial Skills training includes Motor Control and Programmable Logic Control to help frontline workers use next generation electrical products in the modernization of existing structures and new energy-efficient build outs; concepts of infrared imaging that apply to predictive maintenance applications, the elements of proper image acquisition, documentation of findings and writing effective reports. Commercial Skills training will improve the quality of the work done and expedite change orders resulting in increased customer satisfaction; and increase business through delivery of superior service and streamlined internal processes.

Computer Skills training will include AUTOCAD training for Foremen and Project Managers to use red line drawings including detailed overlays in order for the Foremen to build the project. The training will provide Project Managers the skills to complete the overlays necessary for site and building plans.

Continuous Improvement training will include project leadership to enable Foreman and Journeymen; quality assurance skills (maintaining proper work procedures to ensure work is being completed to meet quality goals); and project Planning (for Foremen and Project Managers to learn the work procedures to run a paperless job) Electricians enable the company to adapt to a high-performance workplace.

Commitment to Training

Champion representatives state that ETP-funded training will not displace its own resources for training.

Champion currently provides company-funded training in the following topics: apprenticeship, pre-apprenticeship, safety, new hire, sexual harassment prevention, Cal-OSHA, and basic computer skills, spending approximately \$15,000 per year. Champion has supported apprenticeship training as outlined by the Division of Apprenticeship Standards, and follows the same structures required for Cal-OSHA and safety training.

ETP-funded training will enable the company to expand this training and enable them to reach their goal of a fully trained workforce who are experts in their trades and enable Champion to remain viable in the very competitive Southern California construction industry. Company decision makers are fully behind the training initiative as stated above and will make sure the time requirements for it to be successful.

Champion representatives state that the company does not have the necessary resources to deliver the proposed training without ETP funding; and that upon completion of ETP-funded training, it will continue this training at its own expense.

SUBCONTRACTORS:

Training and project administration vendors have not yet been identified. Subagreements for training and administrative services will be executed prior to the services being provided during the term of the ETP Agreement.

THIRD PARTY SERVICES:

Edustone Corporate Education Services, of San Marcos provided assistance in conducting the training needs assessment, development of the training plan, curriculum and other Application requirements, for a flat fee not to exceed \$12,500.

CHAMPION ELECTRIC, INC.
MENU CURRICULUM

Class/Lab
Hours

24 - 200

Trainees may be provided any of the following:

Business Skills

Project Management and Methodology
Project Requirements Analysis and Specifications
Communication Skills
Advanced Customer Service
Conflict Resolution

Commercial Skills

Motors and Motor Controls
Programmable Logic Control
Electrical Blueprint Reading
Solar Photovoltaics
Thermography

Continuous Improvement

Quality Assurance Skills
Teamwork Skills
Problem Solving
Project Planning

Computer Skills

Microsoft Project
Intermediate/Advanced Microsoft Suite
CAD - Auto Desk
Computer Generated Reports
Acubid Software Application
Maxwell Systems, Shaker Coins
Dexter-Chaney Forefront